Report in Brief
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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

Peninsula Regional Medical Center: Audit of Medicare Payments for Polysomnography Services

Why OIG Did This Audit

Medicare administrative contractors nationwide paid approximately $885 million for selected polysomnography (a type of sleep study) services provided to Medicare beneficiaries from January 1, 2017, through December 31, 2018 (audit period). Previous OIG audits of polysomnography services found that Medicare paid for some services that did not meet Medicare requirements. These audits identified payments for services with inappropriate diagnosis codes, without the required supporting documentation, and to providers that exhibited questionable billing patterns. After analyzing Medicare claim data, we selected for audit Peninsula Regional Medical Center (Peninsula), a hospital provider located in Salisbury, Maryland.

Our objective was to determine whether Medicare claims that Peninsula submitted for polysomnography services complied with Medicare requirements.

How OIG Did This Audit

Our audit covered $2.9 million in Medicare payments to Peninsula for 1,018 beneficiaries associated with 1,564 lines of polysomnography service billed using Current Procedural Terminology codes 95810 and 95811. We reviewed a stratified random sample of 100 beneficiaries who received polysomnography services (169 lines of service) with payments totaling $317,826 during our audit period.

What OIG Found

Peninsula submitted Medicare claims for some polysomnography services that did not comply with Medicare billing requirements. Of the 100 randomly selected beneficiaries, Peninsula submitted Medicare claims for polysomnography services that complied with Medicare billing requirements for 90 beneficiaries associated with 157 lines of service. However, Peninsula submitted Medicare claims for the remaining 10 beneficiaries associated with 12 lines of service that did not comply with Medicare requirements, resulting in net overpayments of $17,499.

On the basis of our sample results, we estimated that Peninsula received overpayments of at least $66,647 for polysomnography services provided during the audit period.

The errors occurred because Peninsula's policies and procedures did not address the processing of Medicare claims for polysomnography services to ensure that services billed to Medicare were adequately documented and coded correctly.

What OIG Recommends and Peninsula Comments

We recommend that Peninsula Regional Medical Center: (1) refund to the Medicare program the estimated $66,647 overpayment for claims that it incorrectly billed; (2) based upon the results of this audit, exercise reasonable diligence to identify, report, and return any overpayments in accordance with the 60-day rule; and (3) implement policies and procedures to ensure that Medicare claims for polysomnography services comply with Medicare requirements.

In written comments on our draft report, Peninsula concurred with our findings and recommendations and described actions that it had taken to address them.